

**USP GROUP LIMITED**  
(INCORPORATED IN SINGAPORE)  
(COMPANY REGISTRATION NO.: 200409104W)

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SALE AND PURCHASE AGREEMENT IN RELATION TO THE PROPOSED DISPOSAL OF SHARES  
IN THE ISSUED CAPITAL OF A SUBSIDIARY, BIOFUEL RESEARCH PTE. LTD.

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**1. Introduction**

- 1.1 The Board of Directors (“**Directors**”) of USP Group Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company and its subsidiary, USP Industrial Pte. Ltd. (collectively, the “**Sellers**”), had on 7 August 2019, entered into a conditional sale and purchase agreement (“**SPA**”) with AJ Jetting Pte Ltd (the “**Purchaser**”) pursuant to which the Sellers agree to sell to the Purchaser, and the Purchaser agreed to acquire from the Sellers, 66,580,500 shares in Biofuel Research Pte. Ltd. (“**Biofuel**”), representing 93.09% of the total shares in Biofuel (the “**Sale Shares**”), on the terms and subject to the conditions of the SPA (the “**Proposed Disposal**”).
- 1.2 As the Sale Shares represent the entire interest of the Group in Biofuel, the Group will cease to have any interest in Biofuel and Biofuel will cease to be a subsidiary of the Group following completion of the Proposed Disposal.

**2. Information on Biofuel**

- 2.1 Biofuel is a private limited company incorporated in Singapore with its registered address at 186 Woodlands Industrial Park E5, #03-01, Singapore 757515. The principal activities of Biofuel are those of research and development, engineering and manufacturing for the biofuel industry. Biofuel is one of the first company in Singapore to pioneer proprietary technology to convert waste oil to biodiesel.
- 2.2 As at 31 March 2019, the unaudited net tangible asset value of Biofuel is S\$1,603,000. The consideration for the Proposed Disposal of S\$5,585,400 (the “**Consideration**”), compared to the book value of Biofuel at the Group level as at 31 March 2019 of S\$5,383,000.
- 2.3 As at 31 March 2019, Biofuel at the Group level experienced a loss of S\$462,000.

**3. Information on the Purchaser**

- 3.1 The Purchaser, AJ Jetting Pte Ltd, is a leading homegrown company with over 12 years of expertise in the industrial jetting and vacuuming industry. Its clients include established hotels and major shopping malls in Singapore.
- 3.2 The Purchaser is not related to any of the Directors and the controlling shareholders of the Company or any of their respective associates. As at the date of this announcement, the Purchaser does not own any shares in the Company.

**4. Rationale for the Proposed Disposal**

The rationale for the Proposed Disposal is to allow the Group to monetise its investment value for the benefit of the shareholders of the Company. It will also allow the Group to strengthen its financial position.

The Proposed Disposal will also allow the Group to better concentrate on its marine business.

## 5. Principal terms of the Proposed Disposal

### 5.1 Consideration

As stated above, the Consideration is S\$5,585,400. The Purchaser had paid S\$1,500,000 as part of the Consideration to the Sellers prior to the execution of the SPA, which included a deposit of S\$100,000 (the "**Deposit**"). The remaining Consideration will be paid as follows:

- (i) S\$4,000,000 on the Closing Date (as defined hereafter); and
- (ii) S\$85,400 on or before the date falling one (1) year from the Closing Date (as defined hereafter).

The Consideration, which shall be fully satisfied in cash, was arrived at after arm's length negotiations on a willing buyer, willing seller basis and after taking into account the historical financials of Biofuel.

### 5.2 Conditions Precedent

Closing ("**Closing**") of the Proposed Disposal is subject to, amongst others, the following conditions precedent (the "**Conditions**"):

- (i) the completion of due diligence by the Purchaser on Biofuel, and the results of such due diligence being satisfactory to the Purchaser;
- (ii) the passing, by the directors of Biofuel, of resolutions approving the transactions described or contemplated under the SPA;
- (iii) save for the loan extended by United Overseas Bank Limited to Biofuel with respect to the Revised Banking Facilities Agreement dated 8 November 2016, Biofuel completely discharging all other bank facilities or loans including from related parties prior to Closing in accordance with all the terms and conditions for the same, such that there will be no penalties or additional interest upon the Company;
- (iv) save for the outstanding bank loans which Biofuel shall continue to service promptly up to the Closing Date (as defined hereafter), Biofuel shall not incur any new bank loans without the prior written consent of the Purchaser;
- (v) all approvals, consents and licences (whether governmental, corporate or otherwise, including but without limitation, approvals by the shareholders of the Sellers or from the SGX-ST) for the transactions described or contemplated under the SPA having been obtained and not having been revoked or amended and, where such approval is subject to conditions, such conditions being acceptable to the Purchaser and, to the extent that any such conditions are required to be fulfilled on or before Closing, they are so fulfilled;
- (vi) the sellers' warranties and the purchaser's warranties being complied with, and being true, accurate and correct in all material respects as at the date of the SPA and for each day up to the and including the Closing Date (as defined hereafter), with references to the circumstances then existing;
- (vii) there being no outstanding debts, liabilities, charges, liens and other encumbrances imposed on Biofuel, other than those debts, liabilities, charges, liens and other encumbrances disclosed in the audited accounts of Biofuel or which have arisen in the ordinary course of business since the date to which the audited accounts were prepared until the Closing Date (as defined hereafter); and
- (viii) there being no proceedings, applications, petitions or summons having been started, nor any steps being taken thereto by any person with a view to the winding-up of Biofuel or for the appointment of a receiver, trustee or similar officer over Biofuel or any of its properties or assets;

### 5.3 Closing

Closing is to take place on the date on which the last of the Conditions is fulfilled and/or waived (the "**Closing Date**"), which in any event shall be no later than the date falling six (6) months from the date of the SPA, or such other date as the Sellers and the Purchaser may agree in writing.

### 6. Use of Proceeds

The Company intends to use the net proceeds (after deducting expenses incurred for the Proposed Disposal) for its working capital use.

### 7. Financial effects of the Proposed Disposal

#### 7.1 Bases and assumptions

The pro forma financial effects of the Proposed Disposal on the Group set out below are purely for illustrative purposes only and are therefore not indicative of the actual future position of the Company or the Group after completion of the Proposed Disposal.

The pro forma financial effects of the Proposed Disposal have been prepared based on the unaudited consolidated financial statements of the Group for FY2019, and on the following bases and assumptions:

- (i) the financial effect on the consolidated NTA per Share is computed based on the assumption that the Proposed Disposal was completed on 31 March 2019;
- (ii) the financial effect on the consolidated loss per share ("**LPS**") is computed based on the assumption that the Proposed Disposal was completed on 1 April 2018; and
- (iii) the expenses to be incurred in connection with the Proposed Disposal are estimated to be approximately S\$48,000.

#### 7.2 NTA per Share

	<b>Before the Proposed Disposal</b>	<b>After the Proposed Disposal</b>
NTA (S\$'000)	31,531	31,535
Number of Shares, excluding treasury shares	90,287	90,287
NTA per Share (Singapore cents)	34.92	34.93

#### 7.3 LPS

	<b>Before the Proposed Disposal</b>	<b>After the Proposed Disposal</b>
Loss attributable to Shareholders (S\$'000)	21,910	21,448
Weighted average number of issued shares, excluding treasury shares	90,287	90,287
LPS (Singapore cents)	24.27	23.76

## 8. Relative Figures under Rule 1006

The relative figures for the Proposed Disposal as computed on the bases set out in Rule 1006 of the Listing Manual of the SGX-ST (the "**Mainboard Rules**") and the latest unaudited consolidated financial statements of the Group for FY2019 are as follows:

<b>Rule 1006</b>	<b>Bases</b>	<b>Relative figures</b>
(a)	The net asset value of the assets to be disposed of, compared with the group's net asset value	6.73%
(b)	The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits	0.20%
(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	82.48%
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves.	Not applicable

As the relative figure computed on the basis set out in Rule 1006(c) exceeds 50%, the Proposed Disposal constitutes a "Major Transaction" as defined under Chapter 10 of the Mainboard Rules. Nevertheless, as the Proposed Disposal involves the disposal of a loss-making subsidiary, the Company intends to seek a waiver of Rule 1014 from the requirement to seek shareholders' approval for the Proposed Disposal from the SGX-ST. In the event that a waiver is not granted from the SGX-ST, the Company will seek the approval of Shareholders at a general meeting to be convened. The Company will make further announcements on any material development in respect of the Proposed Disposal as and when appropriate

## 9. Service Agreements

No person is proposed to be appointed as a director of the Company in connection with the Proposed Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

## 10. Directors' and Controlling Shareholders' Interests

None of the Directors, controlling shareholders of the Company or their associates has any interest, direct or indirect, in the Proposed Disposal (other than through their shareholdings in the Company).

## 11. Directors' Responsibility Statement

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Disposal, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the announcement in its proper form and context.

**12. Document Available for Inspection**

A copy of the SPA will be made available for inspection during normal business hours at the registered office of the Company at 38 Beach Road #29-11 South Beach Tower Singapore 189767 for three (3) months from the date of this announcement.

**13. Cautionary Statement**

Shareholders and potential investors should note that the Proposed Disposal is subject to the fulfilment of conditions precedent as set out above, and there is no certainty or assurance as at the date of this announcement that the Proposed Disposal will be completed. The Company will make the necessary announcements, in compliance with the requirements of the Mainboard Rules, as and when there are material developments in respect of the Proposed Disposal. Shareholders are advised to read this announcement and any further announcements by the Company carefully and should exercise caution when trading in the shares of the Company. Persons who are in doubt as to the action they should take should consult their legal, financial, tax or other professional advisers.

BY ORDER OF THE BOARD  
USP Group Limited

Nah Ee Ling  
Executive Director  
8 August 2019